

# Waqf on the Blockchain

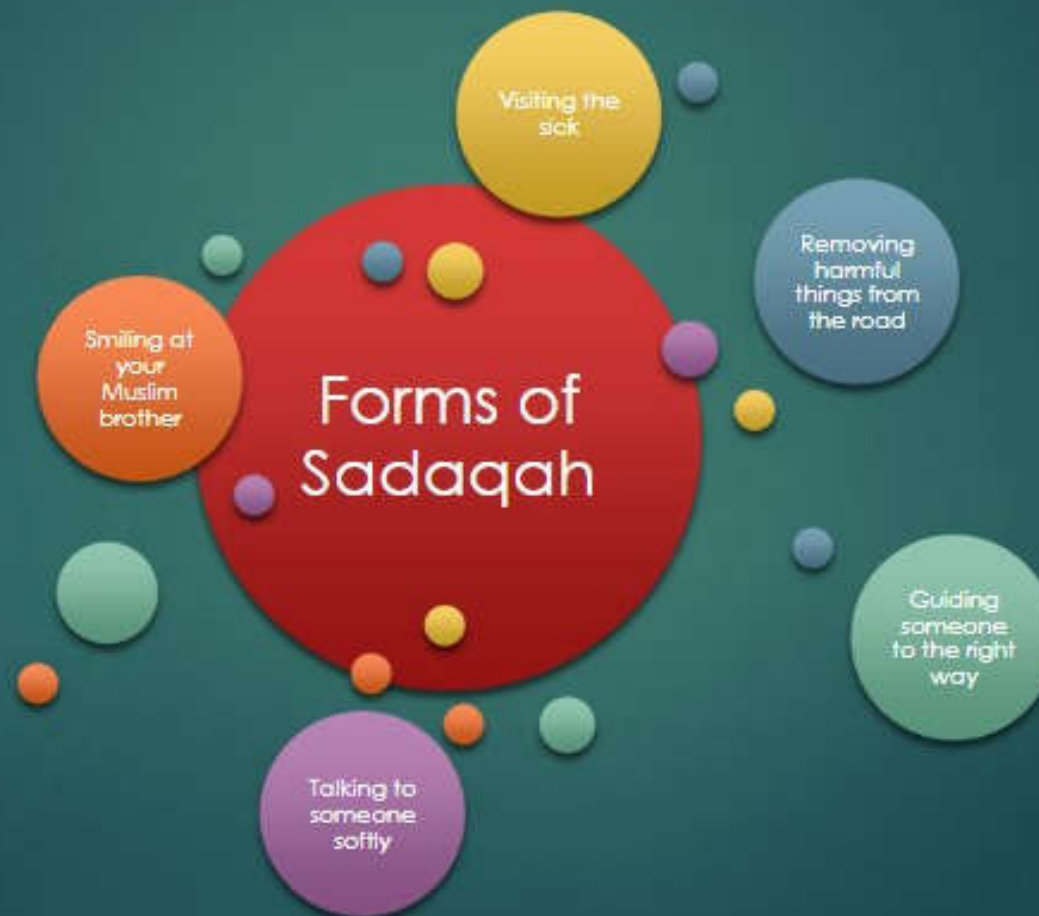
DR FARRUKH HABIB

ISRA

الأكاديمية العالمية للبحوث الشرعية  
International Shari'ah Research Academy for Islamic Finance

# The Concept of Charity in Islam

2



# The Islamic Philanthropic Ecosystem

3

Zakah

Sadaqah  
Wajibah

Sadaqah Al-Fitr

Fidyah

Kaffarah

Udhhiyah

Nadhar

Sadaqah  
Nafilah

Sadaqah Jariyah

Qardh Hasan

Aqiqah

Waqf

# Waqf Explained

4



## Definition

- A waqf is a voluntary irrevocable dedication of a portion of ones wealth to Allah.

## Pillars of Waqf

- Waqif (Waqf Giver)
- Mawquf (Waqf Property)
- Mawquf `Alaih (Waqf Recipient)
- Sighah (Expression of Giving Waqf)

## Types of Waqf

- Waqf Ahli (Family Waqf)
- Waqf Khayri (Waqf for specific group of people)
- Waqf Al-Sabeel (Waqf for general public)

# Issues and Challenges Facing Waqf

5

-  Lack of Data and Maintenance of Records
-  Lack of transparency and accountability
-  Lack of proper audit and compliance
-  Lack of Planned Strategy for the Development of Waqf
-  Major Hurdles in Establishing Waqf
-  Legal and Regulatory Constraints
-  Adverse Performance and Inefficiencies

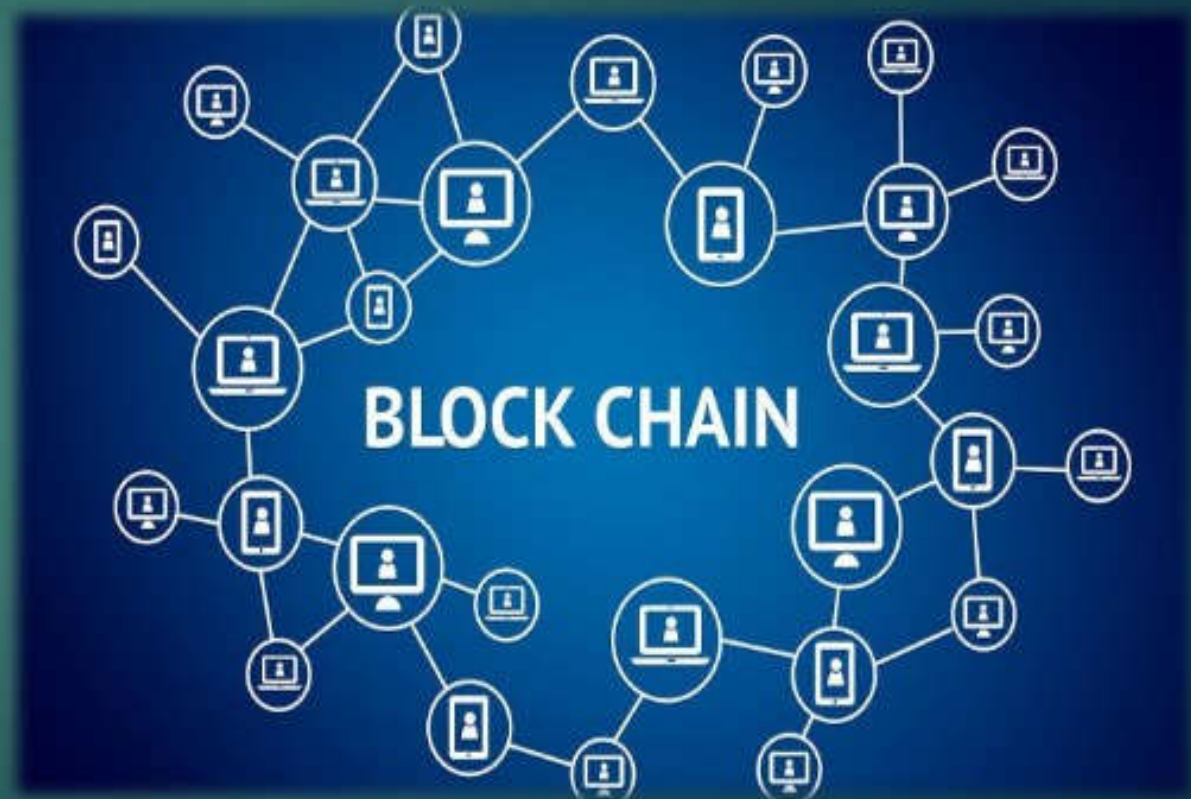


# Introduction to Blockchain

6

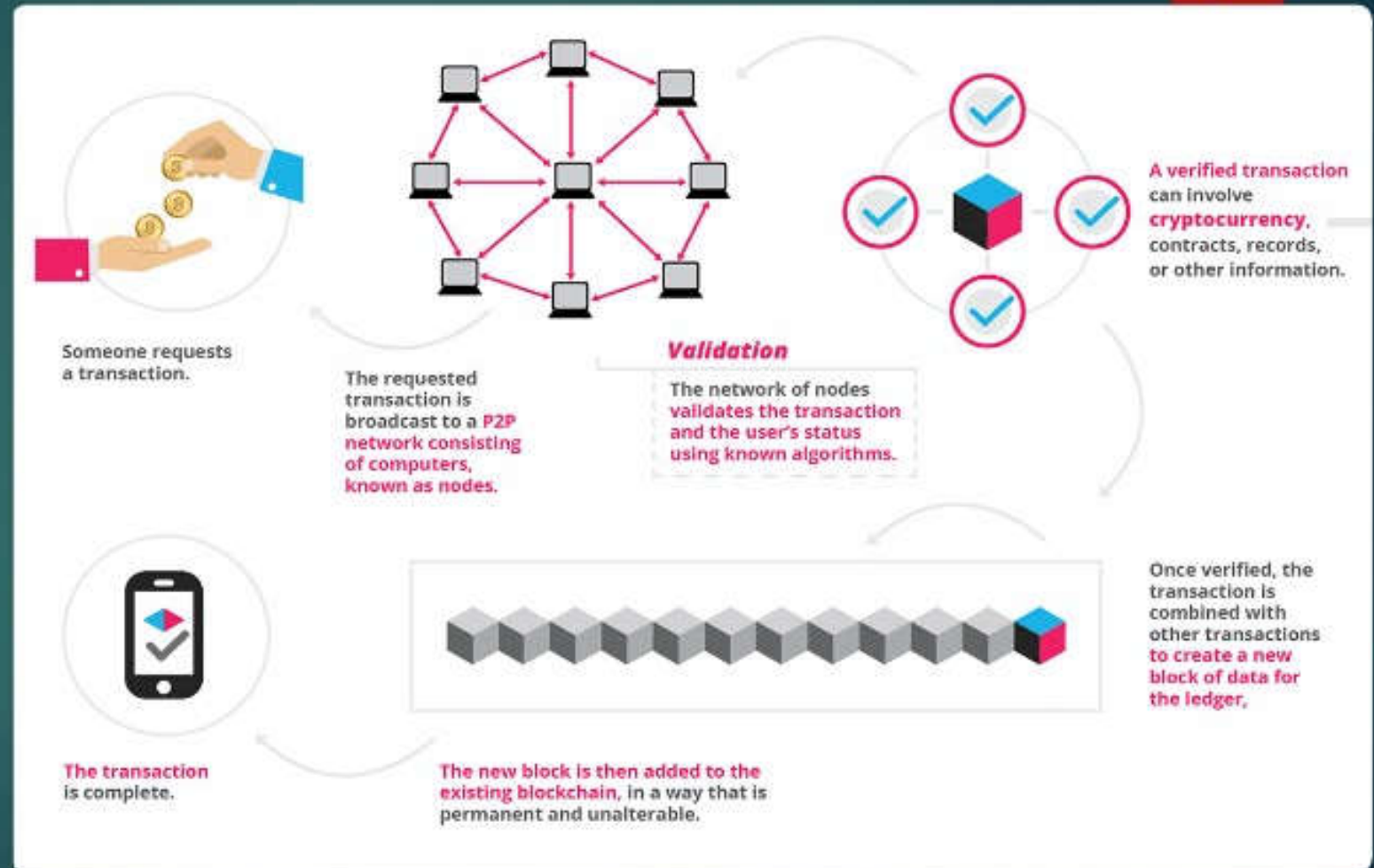
Blockchain is a decentralized digital ledger technology to record anything of value.

- ▶ Transparent
- ▶ Incorruptible
- ▶ Decentralized
- ▶ Robust
- ▶ Unalterable
- ▶ Efficient



# How Does Blockchain Work?

- A P2P system
- A trust machine
- Applications?



# The Inception of the Idea of Smart Contracts

8

## The Inception

Nick Szabo introduced the idea of 'Smart Contracts' in 1994

## Objectives

- To establish contract law through electronic commerce protocols
- To design business practices through computer programs on internet among strangers

## Definition

"A smart contract is a set of promises, specified in digital form, including protocols within which the parties perform on these promises." (Szabo, 1996)



# What is a Smart Contract in the Blockchain Context?

What is a Smart Contract?

- A computer program or algorithm
- Automatically execute when pre-defined conditions are met

Does it have a platform?

- A general purpose computation
- typically takes place on a distributed ledger or blockchain

Is it actually a contract?

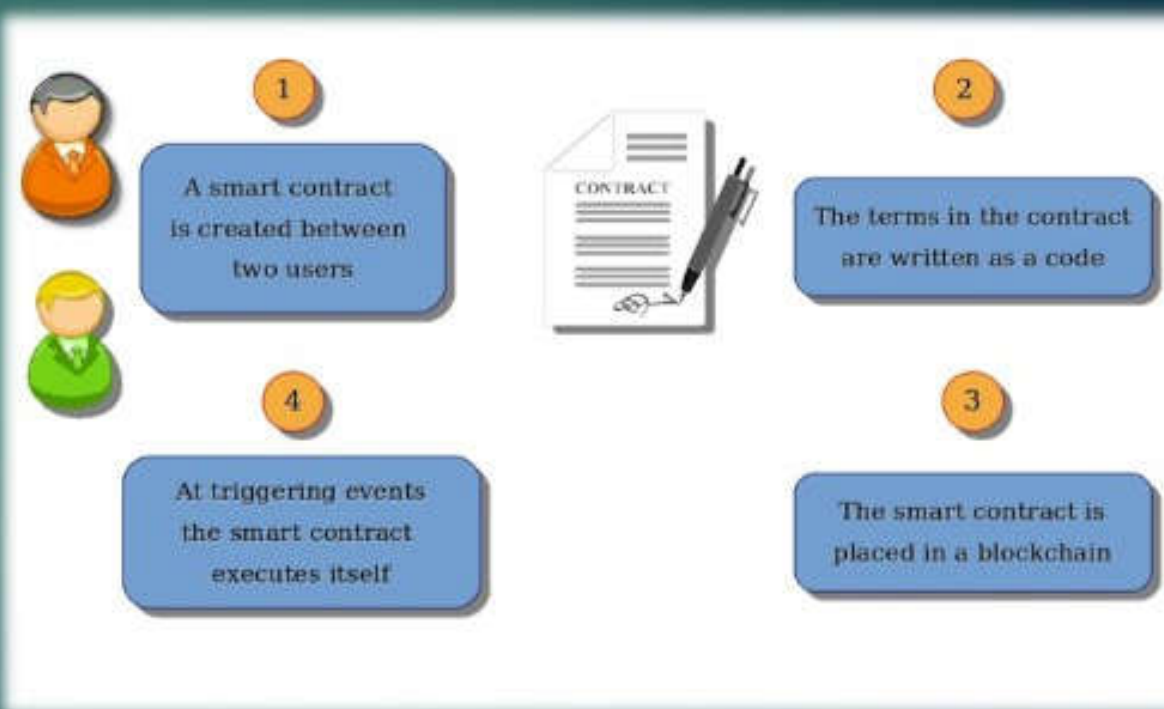
- It is more generic than a traditional contract
- It can be any kind of algorithm

What are its Objectives?

- To satisfy common contractual conditions
- Minimize exceptions both malicious and accidental
- Minimize the need for trusted intermediaries
- Reduce fraud loss
- Lower arbitrations, enforcement and other transactional costs

## How Does a Smart Contract Work?

- A Waqf deed can be converted into an algorithm or code.
- The algorithm or code then can be inserted on the Blockchain platform in the form of a smart contract.
- The execution of the smart contract is automated.
- The smart contract can avoid the usage of waqf property against the stipulations of the waqf giver.
- In this way, the waqf deed can be protected and adhered to.



# The Value Addition of Blockchain in Waqf

11

## Restoration of Trust

Availability of full data and documentation

Enhanced transparency and reliability

Faster and efficient transactions

Decentralized nature

Better audit and compliance

Globally shared database

Incorruptibility and immutability

More security and safety

Lower execution cost

No single point of failure

# The Future of Waqf

12

